



# GENERAL ASSEMBLY

## COMMONWEALTH OF KENTUCKY

### 2012 REGULAR SESSION

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HOUSE BILL NO. 398

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FRIDAY, MARCH 2, 2012

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The following bill was reported to the Senate from the House and ordered to be printed.

RECEIVED AND FILED  
DATE April 11, 2012  
3:07 p.m.  
ALISON LUNDERGAN GRIMES  
SECRETARY OF STATE  
COMMONWEALTH OF KENTUCKY  
BY Mary Sue Johnson

1 AN ACT relating to property valuation.

2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 132 IS CREATED TO  
4 READ AS FOLLOWS:

5 (1) The General Assembly recognizes that Section 172 of the Constitution of  
6 Kentucky requires all property, not exempted from taxation by the Constitution,  
7 to be assessed at one hundred percent (100%) of the fair cash value, estimated at  
8 the price the property would bring at a fair voluntary sale, and that it is the  
9 responsibility of the property valuation administrator to value property in  
10 accordance with the Constitution.

11 (2) The General Assembly further recognizes that property valuation may be  
12 determined using a variety of valid valuation methods, including but not limited  
13 to:

14 (a) A cost approach, which is a method of appraisal in which the estimated  
15 value of the land is combined with the current depreciated reproduction or  
16 replacement cost of improvements on the land;

17 (b) An income approach, which is a method of appraisal based on estimating  
18 the present value of future benefits arising from the ownership of the  
19 property;

20 (c) A sales comparison approach, which is a method of appraisal based on a  
21 comparison of the property with similar properties sold in the recent past;  
22 and

23 (d) A subdivision development approach, which is a method of appraisal of raw  
24 land:

25 1. When subdivision and development are the highest and best use of the  
26 parcel of raw land being appraised; and

27 2. When all direct and indirect costs and entrepreneurial incentives are

1                   deducted from the estimated anticipated gross sales price of the  
2                   finished lots, and the resultant net sales proceeds are then discounted  
3                   to present value at a market-derived rate over the development and  
4                   absorption period.

5   (3) The valuation of a residential, commercial, or industrial tract development shall  
6   meet the minimum applicable appraisal standards established by:

7   (a) The Kentucky Department of Revenue, as stated in its Guidelines for  
8   Assessment of Vacant Lots, dated March 26, 2008; or

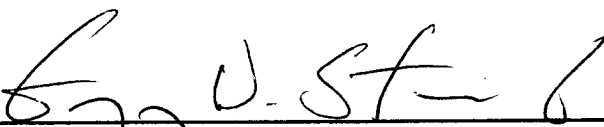
9   (b) The International Association of Assessing Officers.

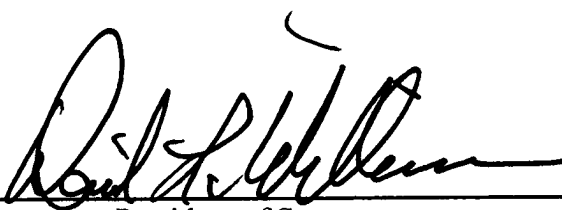
10 (4) To be appraised using the subdivision development approach, a subdivision  
11 development shall consist of five (5) or more units. The appraisal of the  
12 development shall reflect deductions and discounts for:


13 (a) Holding costs, including interest and maintenance;

14 (b) Marketing costs, including commissions and advertising; and

15 (c) Entrepreneurial profit.

  
Speaker-House of Representatives

  
President of Senate

Attest:   
Chief Clerk of House of Representatives

Approved   
Governor

Date 4-11-12